

# issuebrief

## **Bonneville Power Administration's fiscal year 2006 year-end financials October 30, 2006**

### ***Background***

This has been an outstanding year for the Bonneville Power Administration. After several years of sustained effort, we have now recovered from the financial effects of the 2000-2001 West Coast power crisis. This year's return to normal water conditions fueled our hydro generation. This, along with our years-long cost management efforts, enabled us to rebuild our financial health. We continued to make substantial investments in the region's transmission, generation, energy efficiency and fish and wildlife restoration.

### ***Key facts***

- With BPA's financial strength restored, BPA is working collaboratively with its customers, Northwest states, tribes and interested citizens to provide greater certainty on BPA's role in the Northwest power system.
  - Wholesale power rates decreased for the fourth consecutive year.
  - Through collaboration with customers we developed a liquidity tool that was the key final ingredient that allowed us to lower our power rates for the fourth year in a row.
- Thanks to the first above-average water conditions in seven years and high market prices, BPA achieved its highest ever revenue for surplus power sales.
  - Modified net revenues were \$444.9 million.
  - In FY 2006, BPA exceeded its revenue targets while keeping internal operating costs below the fiscal year target.
- BPA ended FY 2006 with \$1.193 billion in financial reserves after making its Treasury payment on time and in full.
  - BPA's total payment to Treasury this year was \$1.113 billion.
  - BPA continues to make progress on an agency-wide efficiency project designed to further lower cost.
  - Approximately \$250 million of the reserves represents a cash flow shift due to the direct pay arrangement with Energy Northwest, not higher net revenues in 2006.

